

CABLE SECRETARIAT DISSEMINATION

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ACTION NO. [REDACTED]

OCT 2 1978
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197

[REDACTED] OCT 18 CITE SANTIAGO
DIRECTOR

FOR UNDERSEC JOHNSON AND DR. DISSINGER FROM AMB KORRY
SITREP OCT 2

1. ANACONDA'S CYR SAYS GOC STICKING TO FIRM LINE ON STRIKE. GOC'S REPS ON MANAGEMENT SIDE DO NOT WANT ANY CESSIONS AT THIS POINT.

2. GENERAL TIRE'S RALPH O'NEILL TELLS ME PDC CONTROLLED MAINTENANCE UNION CALLING STRIKE FOR NEXT WEEK. PLANT TEN DAYS AGO HAD SETTLED STRIKE WITH OTHER U.P. CONTROLLED UNIONS AT LOWER THAN NORMAL RATES. O'NEILL THOUGHT NEW STRIKE MIGHT BE CHANGE OF TACTICS BY U.P. BUT I TOLD HIM I DOUBTED IT.

3. ESSO INFORMED ME THEY COLLECTED THEIR BILLS FROM GENERAL TIRE 50 PER CENT CASH AND 50 PER CENT TIRES. ESSO PRETTY MUCH ON CASH ONLY BASIS (BOTH PURCHASES AND RECEIVABLES) AND LIKE MANY OTHER COMPANIES RUNNING DOWN ASSETS BY REDUCING RECEIVABLES. ITS REP SUGGESTED ON OR TWO BANKRUPTCIES BY SMALL FIRMS COULD SET OFF CHAIN-REACTION EFFECT NATIONWIDE.

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July 2000

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4. SINGER SEWING DISCOVERED IT IS A PRIME CUSTOMER OF VOLODIA TEITELBOIM'S BROTHER SERGIO, A PRODUCER OF KNITTING KITS AND MACHINES, BUYING 70 PER CENT OF LATTER'S OUTPUT. MY FRIEND, SINGER VP BAITTNER (NY BASED BUT RESPONSIBLE SOUTHERN HALF SOUTH AMER (KIC/R)) SOUGHT MY ADVICE ON HOW TO RESPOND TO TEITELBOIM PRESSURE THAT HE HAVE MEETING NOW WITH ALLENDE. REPLIED IT WOULD NOT LOOK GOOD IN U.S. FOR INTERNATIONALLY FAMED SINGER TO BE FIRST TO MAKE DEAL WITH ALLENDE OR EVEN GIVE APPEARANCE OF SUCH. COUNSELLED HIM ON HOW TO HANDLE TEITELBOIM WEREON HE WILL KEEP ME INFORMED. SINGER STANDS TO LOSE \$11 MILLION IF PROMPTLY NATIONALIZED AND WANTS TIME TO RUN DOWN ITS ASSETS. IT CONTINUES TO COLLECT BILLS WITHOUT DIFFICULTY FROM INDIVIDUAL CUSTOMERS (TWO-THIRDS OF TOTAL) WHILE GETTING ALMOST NOTHING FROM RETAILERS OR OTHER BUSINESS HOUSES. I BELIEVE I CONVINCED HIM THAT SINGER IS IN DRIVER'S SEAT AND DOES NOT HAVE TO BE ANXIOUS TO MAKE QUICK DEAL.

VOICION C06A

OCT 5 1970

156-1000-1000

5. MANUEL VALDES, DYNAMIC YOUNG LEADER OF FARM EMPLOYERS ASSOCIATION VISITED ME TO ASK IF U.S. WANTED ARGENTINA WOULD BE WILLING TO ELIGIBLE LOANS (NO GRANTS)

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DECISION UNTIL LATE R

IN MONTH.) AS OF TODAY THEY WOULD

NOT HAVE TOO MUCH DIFFICULTY IN TURNING BACK PRO-ALLENDE
FACTION AND THEY BELIEVE THEIR CHANCES FOR A PRO-ALESSANDRI
VOTE IS ABOUT 50-50.

7. HOWEVER I HAVE A FAINT SUSPICION THAT FREI IS
ALREADY ASSUMING AN ALLENDE TRIUMPH AND IS CALCULATING
THAT A DREARY ECONOMIC SITUATION WILL EVENTUALLY FORCE
ALLENDE TO ACCEPT THE PDC IN HIS GOVT. IN PART MY
SUSPICION BASED ON FREI TELLING ARGENTINE AMBASSADOR (WHO
WENT WEDNESDAY TO INVITE HIM TO LUNCH ABOARD ARGENTINE
SAILING VESSEL IN MID-OCTOBER) THAT ALLENDE WANTED
TO MAINTAIN GOOD RELS WITH ARGENTINA. FREI MADE IMPASSIONED
STATEMENT OF 15 MINUTES IN FAVOR OF GOOD RELS BETWEEN TWO
COUNTRIES AND NEED TO START FINAL BEAGLE CHANNEL NEGOTIA-
TIONS IN LONDON NEXT WEEK. HE SAID THAT WHILE HE KNEW
HE "BEEN FAILURE AS A POLITICIAN", HE WISHED AT LEAST TO
CROWN HIS ADMINISTRATION WITH STATESMANLIKE SETTLEMENT OF
PROBLEMS WITH ARGENTINA. FREI SAID HE HAD ORIGINALLY
PLANNED TO LEAVE CHILE TO WORK AT UNIVERSITIES BUT NOW
HE HAD DECIDED TO STAY IN CHILE. ARGENTINE AMB READ MUCH

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INTO FINAL FREI STATEMENT TO EFFECT THAT WHILE EVERYONE INTELLIGENT COULD FORESEE PATH CHILE WOULD TAKE UNDER ALLENDE, NO ONE COULD BELIEVE INCREDIBLY DIFFICULTIES CHILE WOULD SHORTLY FACE AND HORRIBLE POSITION HIS WOULD BE. AMB THOUGHT THIS WAS SIGN OF SOMETHING BREWING TO BLOCK ALLENDE. AMB SAID FREI HAD AGED TEN YEARS IN ONE MONTH.

8. I AM HAVING HIGH-LEVEL CONTACTS WITH FREISTAS AT THEIR REQUEST TONIGHT AND SHOULD GET BERRER READING. MEANWHILE STATE CABLES WILL GIVE STATE OF PLAY AS SEEN BY POLITICAL CHILEANS.

9.

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